

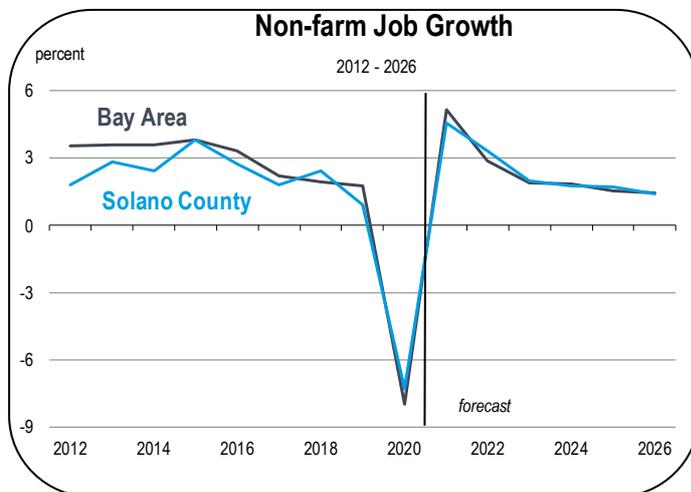
Solano County Economic Forecast

Forecast Summary

- On an annual average basis, 6,100 non-farm jobs will be restored in Solano County during 2021, representing more than half of the jobs that were lost in 2020.
- A full labor market recovery is expected by 2022.
- Employment gains in 2021 will be largest in leisure services, private education and healthcare, and construction. Each will recover at least 1,000 jobs.
- The full reopening of the Vacaville Outlets will contribute to job creation in the retail industry.
- The unemployment rate averaged 9.5 percent in 2020. It is forecast to average 6.4 percent in 2021.
- The Solano County population is expected to grow slowly over the forecast period.
- More homes will be built over the forecast period than were built during the previous five years.
- Home prices surged unexpectedly in 2020, rising by 9 percent. Price are expected to increase by another 10 to 12 percent in 2021.

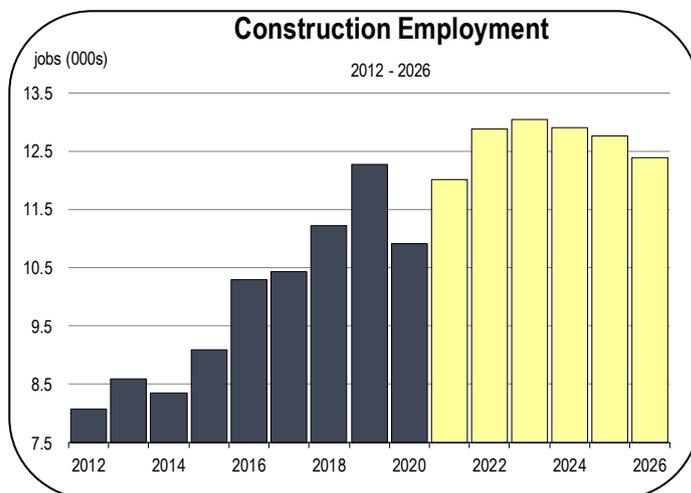
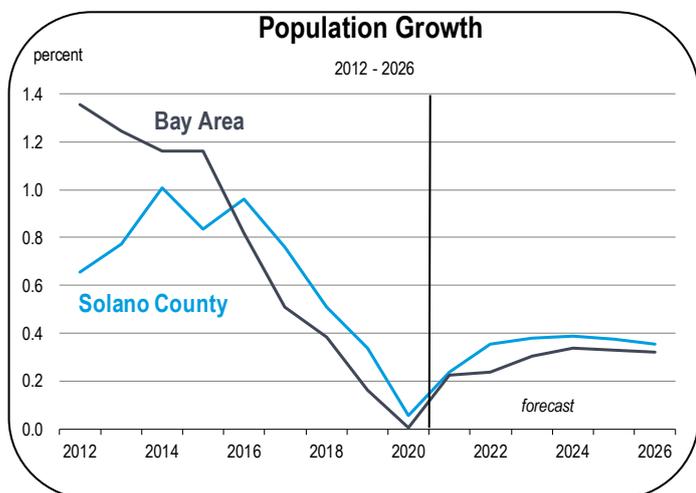
Job Growth

- Total employment in Solano County will expand by 4.5 percent in 2021 on an annual average basis.
- Between 2022 and 2026, job growth will average 2.0 percent per year.

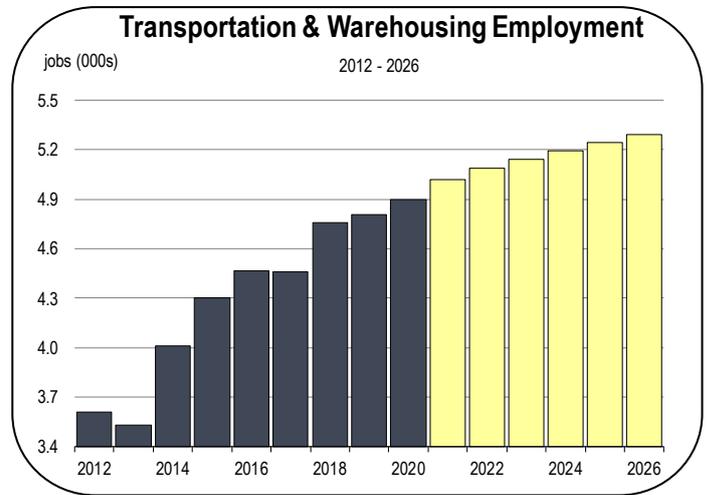
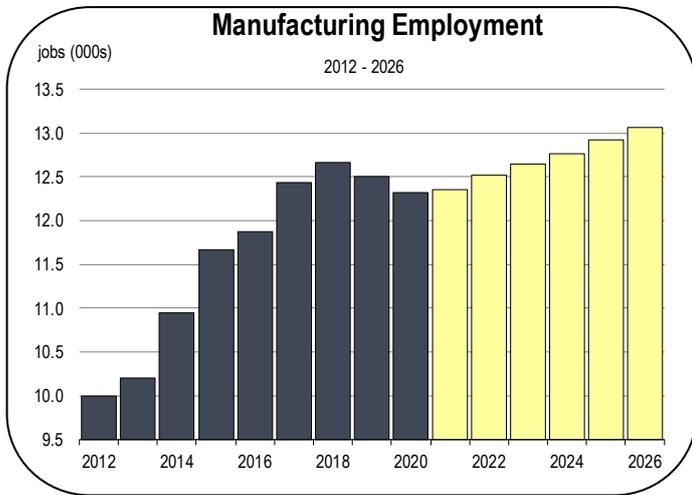


Construction Employment

- The Coronavirus Recession had a meaningful impact on the construction industry, with construction employment declining by 11 percent on an annual average basis.
- Construction employment is expected to return to pre-recession levels by 2022, but is not expected to expand substantially over the entire forecast period.
- The expected level of housing production and non-residential construction activity will not require a large expansion of the construction workforce.
- Even if construction activity exceeds our expectations, the construction workforce will be fully employed by 2023, and construction firms would struggle to hire additional workers.



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Manufacturing Employment

- Solano County has a high concentration in food manufacturing, anchored by the Jelly Belly Factory, Guittard Chocolate, Valley Fine Foods, and the Anheuser-Busch brewery.
- The Jelly Belly factory has approximately 800 employees. The factory not only produces Jelly Belly products, it contributes to Solano County’s tourism activity, bringing more than 7 million visitors to the region since the factory was established in the 1980s.
- Solano County also has a substantial number of pharmaceutical manufacturing jobs, primarily at Genentech, Novici Biotech, and Muri Genics.

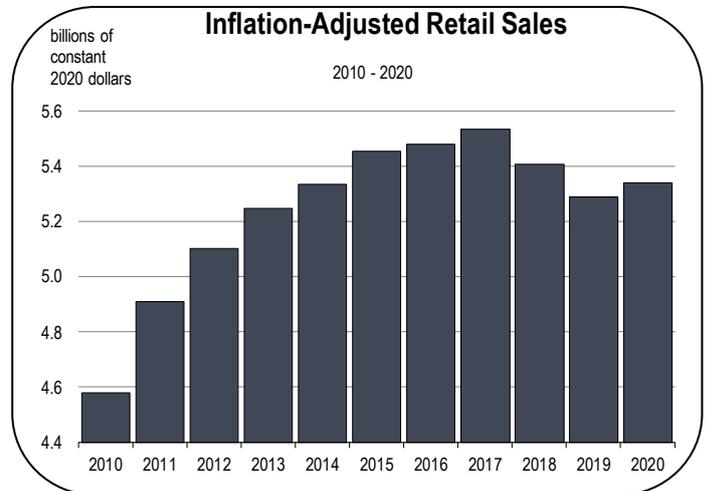
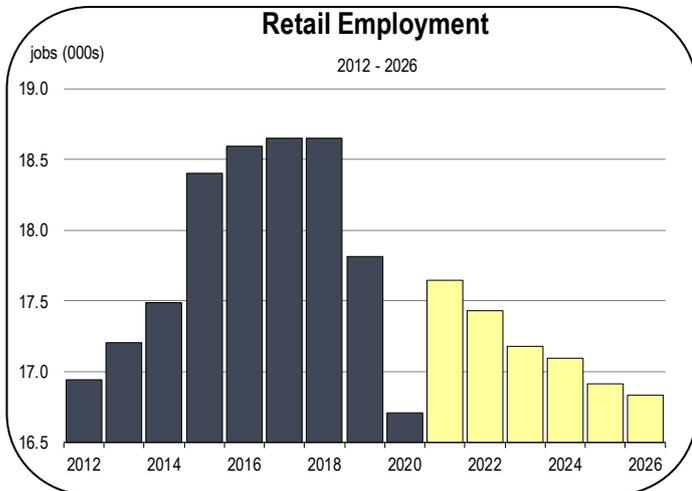
Transportation and Warehousing Employment

- Most transportation jobs in Solano County are in trucking and warehousing, where firms deliver goods to and from the Port of Oakland, and store these goods in logistics facilities.
- Trade flows through the Port of Oakland remained active following the initial shock during the early months of the pandemic. Total container volume declined only slightly in 2020. By early 2021, monthly volume had reached record levels.
- A meaningful number of jobs are in delivery firms like UPS and FedEx. Delivery firms hired large numbers of workers during 2020 in response to a surge in online shopping and direct-to-consumer shipping.



Jelly Belly factory

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Retail Trade Employment

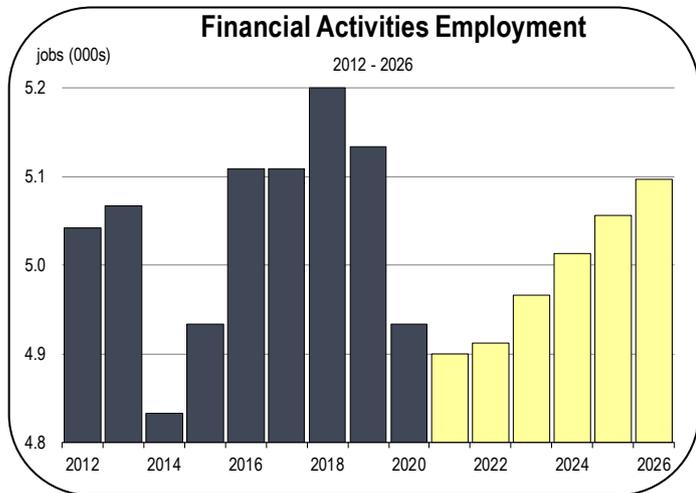
- The most prominent retail fixture in Solano County is the Vacaville Premium Outlets, which has 87 clothing and accessory stores, 2 restaurants, and a recreation venue.
- Solano County is among the few areas where retail sales expanded during 2020. Although the outlets closed briefly during initial phase of the pandemic, it eventually reopened and drew shoppers from Vallejo and Sacramento who had fewer local shopping options due to restricted business conditions.
- Since March 2020, California residents have received more than \$128 billion in unemployment benefits, and Solano County residents accounted for \$1.6 billion.

- Most recipients of unemployment benefits earned more from their benefits than they did from their pre-pandemic jobs, which led to higher retail spending volumes in some regions, including Solano County.
- Retail employment will rebound sharply in 2021 as storefronts open up to higher capacities, particularly the Vacaville Outlets. The outlets employed more than 1,000 workers in 2019 and could return to similar staffing levels by 2022.
- Over the long term, automation and the transition to online shopping will put local brick-and-mortar employment at risk of contraction.



The Vacaville Premium Outlets are located within an hour's drive from Vallejo and Sacramento, which brings retail spending into Solano County.

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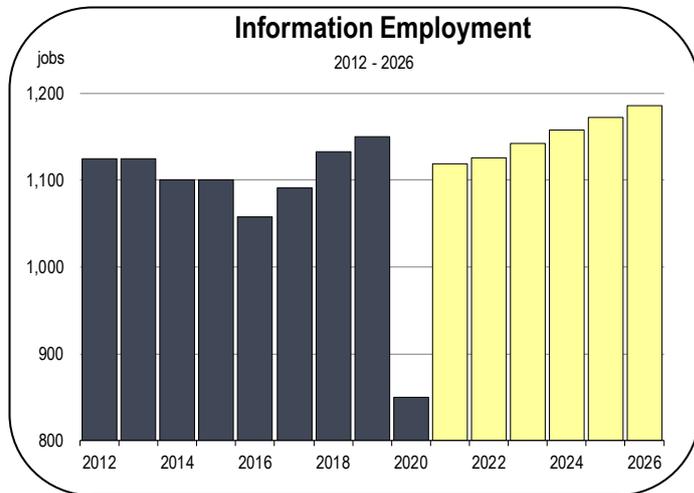
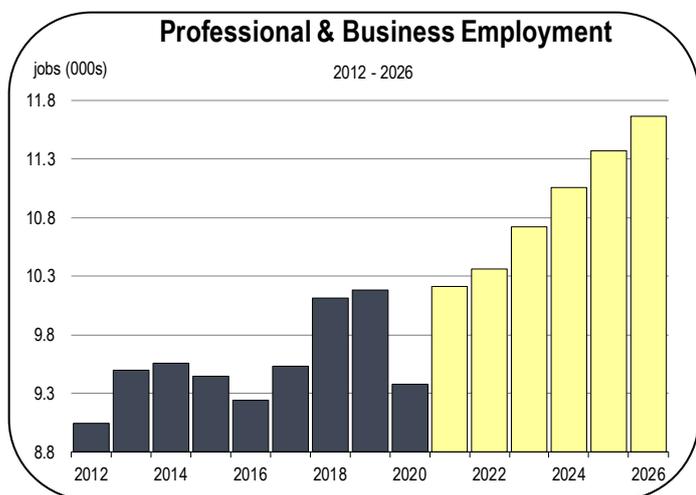


Financial Activities Employment

- The Solano County financial activities sector is primarily comprised of real estate agencies, insurance firms, and banks.
- Over the forecast period, most growth will be observed in the real estate services industry.
- Banks and insurance firms will create very few jobs between 2021 and 2026.

Professional and Business Services Employment

- The professional and business services industry has a diverse array of subsectors, and each was affected differently during the recession.



- The largest losses were in staffing agencies, which primarily employ temp workers. Staffing agencies are expected to bounce back quickly in 2021 and 2022.
- Over the long term, growth is expected to be strongest in building maintenance services and technical consulting.

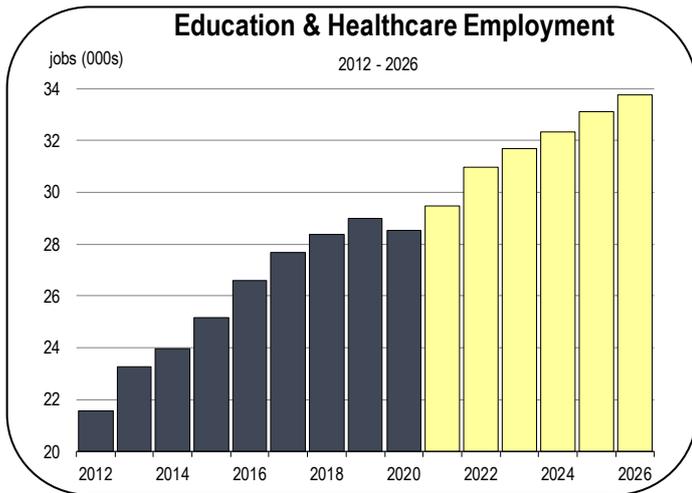
Information Employment

- In Solano County, the information sector is dominated by movie theaters, telecommunications companies like Comcast, and newspapers.
- Movie theaters were closed for most of 2020. Jobs at movie theaters have begun to return slowly as social distancing requirements have begun to be relaxed.
- Movie theater jobs will be restored more quickly after California removes most business restrictions on June 15th, 2021.
- Movie theaters and telecommunications firms are not expected to expand their employee headcounts during the forecast period.

Private Education and Healthcare Employment

- Job losses in healthcare were small in 2020. Employment levels at hospitals and doctors offices did not change much, but several hundred jobs were lost at dentist offices.
- Dental jobs should be restored when patients feel more comfortable going to a medical facility without masks, which could become more common in the second half of 2021.

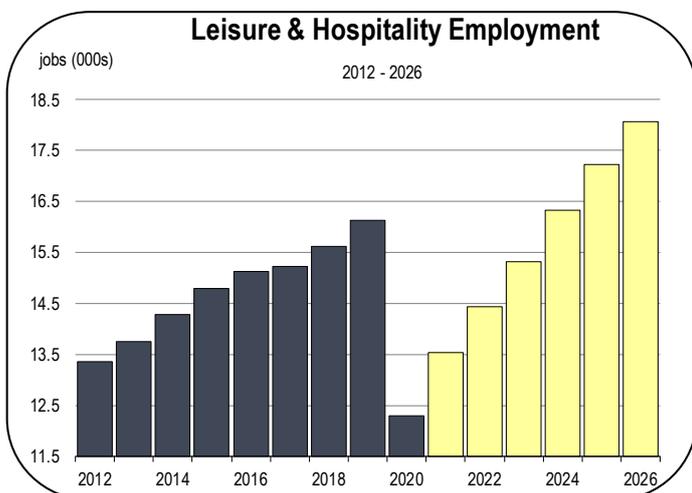
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- A meaningful number of jobs were also lost at child daycare centers. Jobs at daycare centers are also expected to be restored in the second half of 2021.

Leisure and Hospitality Employment

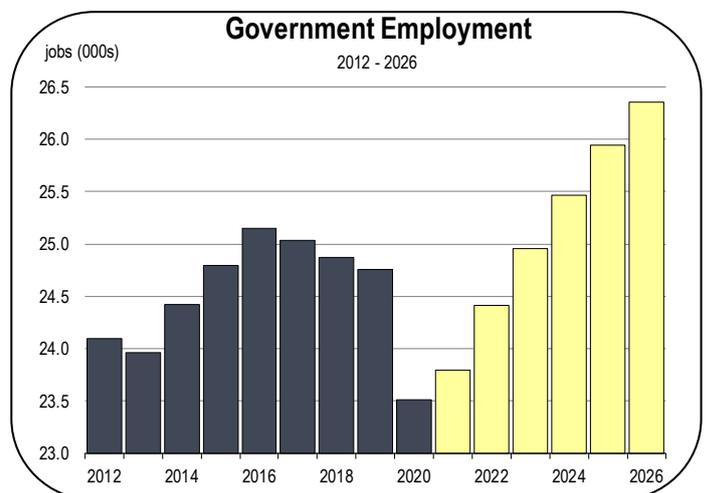
- Leisure and hospitality firms were impacted by restricted business conditions more than any other type of company.
- This industry includes restaurants, hotels, bars, and fitness centers, and all were subjected to sever business restrictions during 2020 and early 2021.



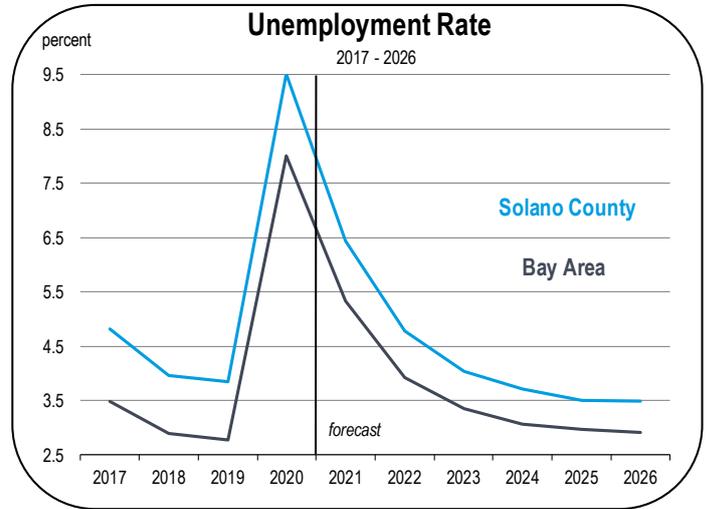
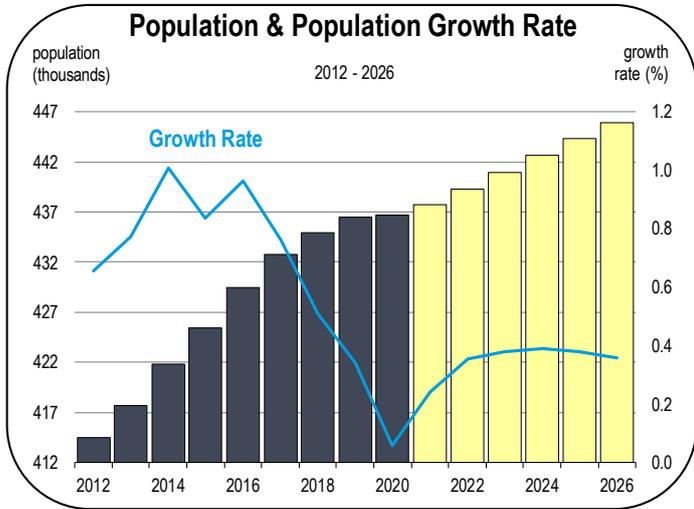
- On an annual average basis, 3,800 jobs were lost in 2020, a decline of 24 percent.
- Leisure and hospitality employment could rebound sharply in the second half of 2021 due to a surge in dining, drinking, and recreation throughout Solano County.
- We expect the leisure and hospitality sector to regain 1,200 jobs in 2021 and another 900 jobs in 2022, but it could take several years for the industry to fully recover.

Government Employment

- State and local government agencies lost 1,300 jobs during 2020.
- Federal government agencies added a small number of jobs in 2020, but this was mainly due the Decennial Census, which creates temporary government jobs every 10 years. These Census jobs have already ended.
- Some state and local government positions will be restored in fiscal 2022 (beginning in July 2021) with the commencement of in-person schools in the Fall of 2021.
- Cities will be the beneficiary of American Rescue Plan funding. This will enable municipalities to rehire some workers in fiscal 2021 and fiscal 2022.



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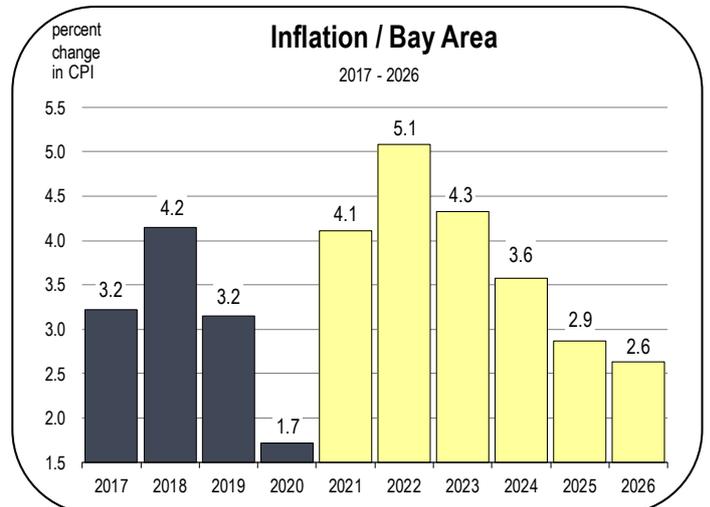
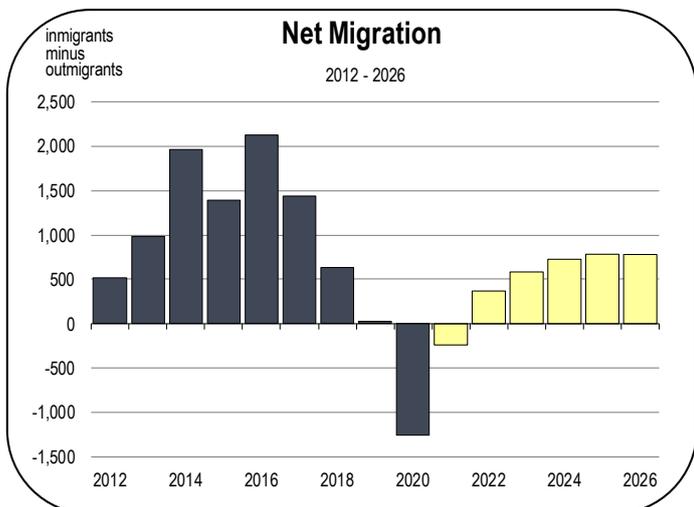
Population Growth

- The Solano County population is expected to expand slowly between 2021 and 2026.
- A total of 1,250 net migrants left the county in 2020. The number of residents moving out did not change much from previous years, but far fewer people moved in.
- Net migration is expected to be positive over the forecast period, as residents relocate from San Francisco and the East Bay for more affordable housing options in Solano County.
- An average of 650 net migrants are expected to enter the county each year between 2021 and 2026.

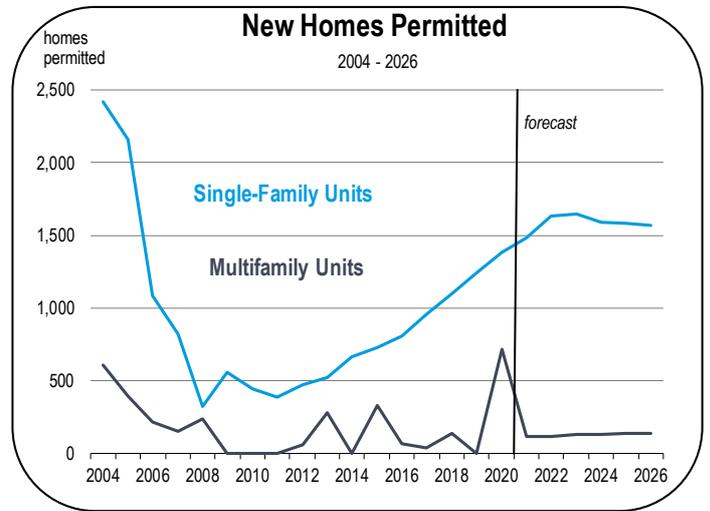
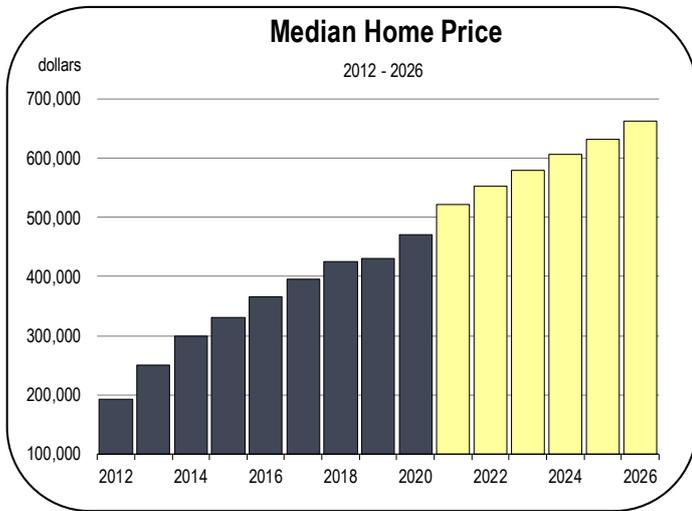
Unemployment and Inflation Rates

- The unemployment rate in Solano County averaged 9.5 percent in 2020.

- An unemployment rate below 5.0 percent signifies a fully employed workforce in Solano County.
- The unemployment rate is expected to average 6.4 percent in 2021 and 4.8 percent in 2022.
- Inflation decelerated sharply in 2020, largely because energy prices declined when the demand for fuels plunged.
- Inflation soared in 2021 and is expected to remain elevated for several years.
- Over the forecast period, there will be a number of factors that will contribute to high inflation. The most prominent will be:
 - Record levels of spending by consumers and government agencies
 - Fractures in the global supply chain that raise the cost of production for many businesses
 - Sharp increases in the cost of housing and energy



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- Labor market recruitment challenges that force companies to raise wages

- Combined, these factors will push inflation to its highest rates in 30 years.
- Ultimately, inflation will reduce the purchasing power of households and negatively impact consumer confidence, limiting the growth potential of the economy in 2022.
- However, inflation will begin to decelerate as supply chains and the labor force are restored by the second half of the forecast period, eventually falling below 3 percent.

Home Prices and New Housing Production

- In 2020 the median home price in Solano County was \$471,000, which is approximately half of the median price in the East Bay and a third of the median price in San Francisco.
- In Solano County, the typical household spends less than 30 percent of its income on mortgage payments or rent. In San Francisco the typical household spends more than 50 percent of income on housing costs.
- From 2015 to 2020, an average of 1,250 new homes were started per year in Solano County. Approximately 80 percent were single-family homes.
- Housing production is expected to average 1,700 homes per year from 2021 to 2026, consisting primarily of single-family homes.



A substantial number of new homes will be constructed in Fairfield, which is within a reasonable communte of Vallejo and the East Bay, and a long commute to San Francisco.

Solano County Economic Forecast

Economic Indicators

2015-2020 History, 2021-2050 Forecast

	Population (people)	House- holds (thousands)	Net Migration (people)	New Homes Permitted (homes)	Registered Vehicles (thousands)	Personal Income (billions)	Taxable Retail Sales (billions)	Total Taxable Sales (billions)	Real Industrial Production (billions)	Real per Capita Income (dollars)	Unemployment Rate (percent)	Real Farm Production (millions)	Inflation Rate (percent)
2015	425,376	145.9	1,395	1,063	402	\$20	\$4.7	\$7.0	\$8.0	\$53,422	6.1	\$411	2.6
2016	429,467	147.4	2,127	873	416	\$21	\$4.9	\$7.3	\$7.7	\$54,351	5.5	\$391	3.0
2017	432,736	148.6	1,436	995	420	\$22	\$5.1	\$7.7	\$7.2	\$54,361	4.8	\$396	3.2
2018	434,949	150.2	632	1,238	430	\$23	\$5.1	\$7.9	\$7.3	\$54,661	4.0	\$383	4.2
2019	436,424	151.2	31	1,242	439	\$24	\$5.2	\$8.3	\$7.2	\$55,826	3.8	\$379	3.2
2020	436,674	152.1	-1,252	2,102	437	\$25	\$5.3	\$8.1	\$7.7	\$56,219	9.5	\$383	1.7
2021	437,721	153.7	-239	1,596	442	\$25	\$5.5	\$8.4	\$7.6	\$56,326	6.4	\$381	4.1
2022	439,272	155.2	369	1,751	446	\$27	\$5.6	\$8.6	\$7.7	\$57,778	4.8	\$379	5.1
2023	440,934	156.8	583	1,773	450	\$28	\$5.8	\$8.9	\$7.8	\$58,905	4.0	\$378	4.3
2024	442,646	158.4	726	1,722	454	\$30	\$6.0	\$9.1	\$7.9	\$59,726	3.7	\$376	3.6
2025	444,320	160.0	783	1,716	457	\$31	\$6.1	\$9.3	\$8.1	\$60,430	3.5	\$374	2.9
2026	445,901	161.6	780	1,704	460	\$32	\$6.2	\$9.4	\$8.2	\$61,026	3.5	\$373	2.6
2027	447,405	163.2	798	1,587	463	\$34	\$6.2	\$9.6	\$8.3	\$61,704	3.5	\$371	2.4
2028	449,268	164.6	1,261	1,472	465	\$35	\$6.3	\$9.7	\$8.4	\$62,294	3.5	\$369	2.5
2029	451,736	166.0	1,980	1,478	468	\$36	\$6.5	\$9.9	\$8.5	\$62,585	3.5	\$368	2.4
2030	454,342	167.3	2,242	1,397	470	\$38	\$6.7	\$10.2	\$8.5	\$62,863	3.5	\$366	2.4
2031	457,072	168.6	2,517	1,394	473	\$39	\$6.9	\$10.5	\$8.6	\$63,067	3.5	\$364	2.5
2032	459,740	169.9	2,613	1,391	476	\$40	\$7.1	\$10.8	\$8.6	\$63,178	3.5	\$363	2.4
2033	461,672	171.2	2,034	1,279	478	\$41	\$7.3	\$11.1	\$8.7	\$63,492	3.5	\$361	2.2
2034	462,924	172.4	1,505	1,284	481	\$43	\$7.5	\$11.4	\$8.8	\$63,823	3.5	\$359	2.3
2035	463,812	173.5	1,292	1,291	483	\$44	\$7.7	\$11.7	\$8.9	\$64,149	3.5	\$358	2.3
2036	464,197	174.7	907	1,263	484	\$46	\$8.0	\$12.2	\$8.9	\$64,433	3.5	\$356	2.3
2037	464,323	175.9	752	1,227	486	\$47	\$8.3	\$12.6	\$8.9	\$64,710	3.5	\$354	2.4
2038	464,283	177.0	681	1,203	487	\$49	\$8.6	\$13.0	\$9.0	\$65,039	3.6	\$353	2.3
2039	464,122	178.1	649	1,182	488	\$51	\$8.9	\$13.5	\$9.0	\$65,323	3.6	\$351	2.3
2040	463,843	179.2	634	1,164	489	\$52	\$9.1	\$13.9	\$9.1	\$65,631	3.6	\$349	2.2
2041	463,973	180.3	1,127	1,146	489	\$54	\$9.4	\$14.2	\$9.1	\$65,958	3.6	\$348	2.3
2042	464,470	181.3	1,564	1,154	490	\$55	\$9.6	\$14.6	\$9.2	\$66,251	3.6	\$346	2.2
2043	465,201	182.4	1,871	1,158	490	\$57	\$9.9	\$15.0	\$9.3	\$66,499	3.6	\$344	2.1
2044	465,867	183.5	1,883	1,156	491	\$58	\$10.1	\$15.3	\$9.3	\$66,797	3.6	\$343	2.2
2045	466,351	184.5	1,783	1,140	491	\$60	\$10.3	\$15.7	\$9.4	\$67,075	3.6	\$341	2.3
2046	466,630	185.6	1,638	1,118	492	\$62	\$10.6	\$16.1	\$9.5	\$67,327	3.6	\$339	2.3
2047	466,804	186.6	1,579	1,094	492	\$63	\$10.9	\$16.5	\$9.5	\$67,516	3.6	\$338	2.3
2048	466,927	187.6	1,560	1,074	493	\$65	\$11.2	\$17.0	\$9.5	\$67,694	3.6	\$336	2.4
2049	467,006	188.6	1,550	1,056	493	\$67	\$11.5	\$17.4	\$9.6	\$67,952	3.6	\$334	2.1
2050	467,035	189.6	1,545	1,039	493	\$69	\$11.8	\$17.9	\$9.6	\$68,188	3.6	\$333	2.1

Employment Sectors

2015-2020 History, 2021-2050 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
	(thousands of jobs)											
2015	134.4	1.8	9.1	11.7	4.3	22.8	4.9	9.5	1.1	25.2	14.8	24.8
2016	138.0	1.8	10.3	11.9	4.5	22.7	5.1	9.2	1.1	26.6	15.1	25.2
2017	140.4	1.7	10.4	12.4	4.5	22.9	5.1	9.5	1.1	27.7	15.2	25.0
2018	143.7	1.7	11.2	12.7	4.8	23.1	5.2	10.1	1.1	28.4	15.6	24.9
2019	144.8	1.5	12.3	12.5	4.8	22.2	5.1	10.2	1.2	29.0	16.1	24.8
2020	134.4	1.5	10.9	12.3	4.9	20.9	4.9	9.4	0.9	28.5	12.3	23.5
2021	140.4	1.5	12.0	12.4	5.0	21.8	4.9	10.2	1.1	29.5	13.5	23.8
2022	145.0	1.5	12.9	12.5	5.1	21.7	4.9	10.4	1.1	31.0	14.4	24.4
2023	147.8	1.5	13.0	12.6	5.1	21.5	5.0	10.7	1.1	31.7	15.3	25.0
2024	150.4	1.5	12.9	12.8	5.2	21.5	5.0	11.1	1.2	32.3	16.3	25.5
2025	153.0	1.4	12.8	12.9	5.2	21.4	5.1	11.4	1.2	33.1	17.2	25.9
2026	155.1	1.4	12.4	13.1	5.3	21.3	5.1	11.7	1.2	33.8	18.1	26.4
2027	157.4	1.4	12.2	13.2	5.3	21.3	5.1	11.9	1.2	34.4	18.9	26.8
2028	159.7	1.4	12.1	13.3	5.4	21.3	5.2	12.2	1.2	35.1	19.6	27.1
2029	161.9	1.4	12.1	13.4	5.4	21.4	5.2	12.4	1.2	35.8	20.3	27.5
2030	164.0	1.4	12.0	13.5	5.5	21.5	5.3	12.7	1.2	36.5	20.9	27.8
2031	165.8	1.4	12.0	13.5	5.5	21.5	5.3	12.9	1.2	37.1	21.4	28.1
2032	167.4	1.4	12.0	13.6	5.5	21.5	5.3	13.1	1.3	37.8	21.8	28.3
2033	168.9	1.4	11.9	13.7	5.6	21.6	5.4	13.3	1.3	38.3	22.1	28.5
2034	170.2	1.4	11.9	13.7	5.6	21.7	5.4	13.5	1.3	38.7	22.3	28.7
2035	171.4	1.4	11.9	13.8	5.6	21.7	5.4	13.7	1.3	39.2	22.5	28.9
2036	172.5	1.4	11.8	13.8	5.7	21.8	5.4	13.9	1.3	39.6	22.7	29.1
2037	173.5	1.4	11.8	13.8	5.7	21.8	5.4	14.0	1.3	40.0	22.9	29.2
2038	174.4	1.4	11.8	13.9	5.7	21.9	5.5	14.2	1.3	40.2	23.0	29.4
2039	175.2	1.4	11.7	13.9	5.8	21.9	5.5	14.3	1.3	40.5	23.2	29.5
2040	176.0	1.4	11.7	13.9	5.8	21.9	5.5	14.5	1.3	40.8	23.4	29.7
2041	176.8	1.4	11.6	13.9	5.8	21.9	5.5	14.6	1.3	41.1	23.5	29.8
2042	177.7	1.4	11.6	14.0	5.8	21.9	5.6	14.8	1.3	41.4	23.7	29.9
2043	178.4	1.4	11.6	14.0	5.9	21.9	5.6	14.9	1.3	41.7	23.8	30.0
2044	179.2	1.4	11.5	14.1	5.9	21.9	5.6	15.0	1.3	41.9	24.0	30.1
2045	179.8	1.4	11.5	14.1	5.9	22.0	5.6	15.2	1.3	42.1	24.2	30.1
2046	180.4	1.4	11.4	14.2	5.9	22.0	5.6	15.3	1.4	42.3	24.3	30.2
2047	181.0	1.4	11.4	14.2	5.9	22.0	5.6	15.4	1.4	42.5	24.5	30.2
2048	181.6	1.3	11.3	14.2	6.0	22.0	5.7	15.5	1.4	42.8	24.6	30.3
2049	182.2	1.3	11.3	14.2	6.0	22.0	5.7	15.6	1.4	43.1	24.8	30.4
2050	182.8	1.3	11.2	14.2	6.0	22.0	5.7	15.7	1.4	43.4	24.9	30.4

Solano County Economic Forecast

Socioeconomic Indicators

